



Department of Justice

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CPA SENTENCED IN \$120 MILLION INTERNATIONAL TAX SHELTER CASE

WASHINGTON, D.C. - The last 10 defendants in the Anderson's Ark & Associates (AAA) case have been sentenced, the Department of Justice and the Internal Revenue Service (IRS) announced today. Gary Kuzel, a certified public accountant from Downers Grove, Illinois-who previously pleaded guilty to one count of aiding and assisting in the filing of a false tax return-was sentenced by Chief U.S. District Court Judge John C. Coughenour in Seattle, Washington to 24 months in prison, to be followed by one year of supervised release.

Kuzel was part of AAA, an organization which promoted and sold fraudulent tax shelters and investment scams to taxpayers. From 1996 through 2001, AAA had approximately 1,500 clients, nearly 300 of whom reported over \$120 million in fraudulent income tax deductions.

"People who help peddle tax scams, especially those who hold professional licenses, undermine the integrity of our tax system and put themselves and their clients at serious risk of financial loss, civil penalties and criminal prosecution," said Eileen J. O'Connor, Assistant Attorney General for the Department of Justice's Tax Division.

"Taxpayers should be cautious about accounting practices that sound too good to be true," said Nancy Jardini, IRS Chief, Criminal Investigation. "Accountants should be the pillars of our system of taxation, and we simply can't tolerate blatant abuse of the law."

In late November-December of 2004, the Justice Department prosecuted 10 AAA promoters and accountants in Seattle, Washington. On December 27, 2004, a jury convicted six defendants: Keith Anderson; Wayne Anderson; Richard Marks; Karolyn Grosnickle; James Moran; and Pamela Moran on charges of conspiracy to defraud the government, mail fraud, wire fraud, money laundering, and aiding and assisting the filing of false tax returns in connection with their promotion and sale of these fraudulent AAA schemes. In April 2005, those six defendants were sentenced to lengthy terms of

imprisonment ranging from seven to 20 years. More information about the conviction and sentencing of those AAA defendants may be found on the Tax Division website at <http://10.173.2.10/tax/txdv05210>.

At the conclusion of the December 2004 trial, the jury was unable to reach a verdict as to Gary Kuzel and three other defendants, all of whom subsequently pleaded guilty to felony tax charges. In Kuzel's plea agreement, he admitted that he assisted AAA clients by preparing and filing the partnership agreements, promissory notes, and income tax returns required to implement the "Look Back" program-one of two fraudulent schemes promoted by the AAA organization.

Assistant Attorney General Eileen J. O'Connor and John L. McKay, U.S. Attorney for the Western District of Washington, thanked Tax Division Trial Attorneys Corey J. Smith and Krista Tongring, and former Tax Division Trial Attorney M. Kendall Day, who prosecuted the case against the AAA promoters and accountants. They also thanked the special agents of the IRS, whose assistance was essential to the successful investigation and prosecution of this case.

Additional information about tax fraud schemes to watch out for may be found on the IRS Criminal Investigation website at <http://www.ustreas.gov/irs/ci/>.

Additional information about the Justice Department's Tax Division and its enforcement efforts may be found at www.usdoj.gov/tax.